

ACCOUNTANCY

Part I

(Compulsory)

Question 1

(10*2)

Answer the following questions briefly and to the point:

1. Give the adjusting entry and closing entry for interest due on loan taken.
2. Explain the compensating errors with example.
3. The net profit of a firm amounts to Rs 10,500 before charging manager's commission. The manager of the firm is entitled to a commission of 5% on the net profit after charging his commission.
 - a. Calculate the manager's commission.
 - b. Pass the adjusting entry for recording the manager's commission.
4. Name the documents on the basis of which purchase return book and sales return books are prepared.
5. Name and explain the accounting concept under which stock is valued at cost or market price whichever is lower.
6. Classify the following into capital and revenue (profit/loss/expenditure).
 - a. Profit on sale of an asset.
 - b. Legal expenses paid.
7. Give adjusting entry for goods given as charity.
8. Distinguish between Bills of Exchange and Promissory note.
9. Give the formula for calculating 'cost of goods' sold and 'Adjusted purchases'.
10. Give any two differences between provisions and reserves.

Part II

(Answer any five questions)

Question 2

(8)

Record the following transactions of Harry Marketing, Kolkata into proper subsidiary books. Close the subsidiary books on 31st January and prepare Mahindra Delhi's account:

18

1

Purchased readymade clothes from Mahindra of Delhi of the list price of Delhi of the list price of Rs 40000 less 10% trade discount plus IGST @12%.

- Jan 5 Sold readymade clothes to Mohan Kolkata for Rs 10000 less trade discount 10%, charge of CGST and SGST @ 6% each.
- Jan 6 Returned goods to Mahendra of list price of Rs 5000.
- Jan 7 Shyam Singh, Delhi sold Readymade clothes to us for Rs30,000 plus IGST @ 12%
- Jan 8 Sold readymade clothes to Harish, Kolkata for Rs 12,000. Charged CGST and SGST @ 6% each.
- Jan 19 Sold readymade clothes to Mohan, Kolkata for Rs 6000. Trade discount 10% plus CGST and SGST @ 6% each.
- Jan 27 Sold goods to Mahesh, Varanasi for Rs 8000. Charged IGST @ 12%.

B. You are required to journalise the following transactions:

On 1st April, 2018 the position of Bhargav Bros. Delhi was as follows:

Cash in hand Rs 6000, Stock of goods Rs34600; Machinery Rs 45000; Furniture Rs 18,000; Abdul(Debtor) Rs 13500, Input GST(Receivable) Rs 7000, Loan Rs 50000; Amit Rs 6700(Creditor). Pass the opening journal entry.

Question 3

A. From the following information of Walter Ltd., you are required to prepare:

- Machinery Account for the two years ending 31st March, 2017.
- Depreciation Account for the year ending 31st March, 2017. The company charges depreciation @ 20% P.A. by written down value method.

<u>Date</u>	<u>Transactions:</u>
1-4-2015	Purchased machinery for Rs 60000
1-10-2015	Purchased a second-hand machinery for Rs 108000.
1-10-2015	Spent 12000 on its repairs to make it serviceable.
1-4-2016	Spent Rs 1200 on repairs of the machinery purchased on 1-4-2015
30-9-2016	Sold one of the machines costing Rs 20000 out of the lot purchased on 1-4-2015 for Rs 13000 and purchased a new machine for Rs 28000.

B. From the following information, you are required to calculate

- Gross Profit
- Gross purchases

(2)

<u>Particulars</u>	<u>Rs</u>
Net sales	2,00,000
Opening stock	32,000
Purchases returns	12,000

Wages	3,000
Closing stock	14000
Rent	1,000
Gross profit is 25% on cost	

Question 4

A) You are required to pass journal entries for the following transactions in the books of Rajiv:

- i. Purchased goods for Rs 15000 from Vinay at a trade discount of 10%. The purchase is subject to a levy of CGST and SGST @ 9% each. 40% of the amount is paid immediately made by cheque. (2)
- ii. Goods of the value of Rs 2000 are distributed from the stock as free samples. These goods had been purchased paying CGST and SGST @ 9% each.

B) On 1st October, 2017, Amit draws on Bijoy, who owed him Rs 4000, two bills one for Rs 1600 and another for Rs 2400, the term for both the bills being two months. Bijoy accepts the bills.

On 3rd October, Amit endorses the first bill to his creditor Chintan in full settlement of his account of Rs 1650 and on 4th November, he discounts the second bill with his bank @ 6% per annum.

Both the bills are dishonoured on the due dates with noting charges being Rs 15 and Rs 20 respectively. On 5th December, Amit draws and Bijoy accepts a third bill for 3 months for Rs 4500 in lieu of the dishonoured bills. On the due date of this bill, Bijoy is declared involvement and only 60% of the amount could be recovered from his official receiver

You are required to, in the books of Amit, prepare the following ledger accounts:

- i. **Bijoy's Account.**
- ii. **Chintan's Account.**
- iii. **Interest Account.**
- iv. **Bad debts Account.**

(8)

Note: Amit balances/closes his accounts at the end of the financial year.

Question 5

(1)

In taking out Trial Balance a book-keeper finds that the debit exceeds by Rs 310. The difference transferred to suspense Account. After that he discovered that:

- I. A sum of Rs 830 received from X was posted to his debit as Rs 380.
- II. Rs 620 written off as depreciation of machinery has not been posted to the Depreciation account.
- III. Rs 10000 paid for new furniture has been charged to repairs.
- IV. A discount of Rs 210 allowed to a customer has been credited to his account as Rs 200.
- V. The total of the sales Return book has been added Rs 10 short.
- VI. An item of Rs 680 for sale was posted as Rs 860 in the sales account.
- VII. The balance in the account of Mr. Rahim Rs 100 had been written off as bad, but no other account was debited.

Pass journal entries for rectification of the above and show suspense Account.

B. On the basis of the following information calculate the amount that will appear against the item 'stationary account' in the income and expenditure Account for the year ending 31st March, 2018:

Stock of stationary on 1 st April, 2017	400(Rs)
Creditors for stationary on 1 st April, 2017	450(Rs)
Amount paid for stationary during 2017	2000(Rs)
Stock of stationary on 31 st March, 2018	300(Rs)
Creditors for stationary	200(Rs)

Question 6

(8)

A. Asim keeps his accounts under single entry. His position on 1st April, 2017 was as follows:

Particular	1 st April, 2017
Plant and Machinery	40,000
Stock	6000
Cash in Hand	600
Debtors	15,000
Loan from Haroon @ 6 % P.A	1000
Bank Overdraft	1100
Creditors	12120

On 31st March, 2018 he owed to his creditors Rs 10170, the cash balance was Rs 5100 and stock was valued at Rs 3500. His debtors owed him Rs 23000 out of which Rs 1900 would be bad. On 1st October 2017 he paid to Haroon Rs 500 in lies of his loan, but did not pay any interest.

During the year Asim,

- Bought additional plant and machinery costing Rs 14000.
- Withdrew Rs 8000 for domestic purposes
- Introduced further capital of Rs 10,000

B. Prepare a common-size income statement from the following

(4)

Particulars	31 st March, 2017	31 st March 2018
Revenue from operation	400000	300000
Expenses	50% of revenue from operations	60% of revenue from operations

Interest on investment Rs 10000 and taxes payable @ 40% for both the years.

Question 7

(12)

Prepare triple-column cashbook from the following information:

2017		Amount(Rs)
Sept 1	Cash in hand	75000
	Bank overdraft	35000
Sept 2	Paid Wages	2000
Sept 5	Cash sales	70000
	Allowed cash discount	944
Sept 10	Cash deposited into bank	40000
Sept 15	Goods purchased and paid by cheque	20000
Sept 20	Paid rent	472
Sept 25	Drew from Bank for personal use	4000
Sept 30	Salary paid	10000

Purchase and sales are subject to levy of CGST and SGST @ 9% each.

Question 8

(12)

From the following information provided by Gokul, prepare his Bank Reconciliation statement on 31st March, 2018.

Bank overdraft as per pass book	16500(Rs)
Cheques deposited with the bank not collected	10500
Cheques issued but not presented for payment	8750
Cheques recorded in the cash book not sent to the bank for collection	2000
Payments received from customer directly by the bank	3500
Bank charges debited in pass book	200
Premium of life policy of Gokul paid by the bank on standing advice	1980
A bill for Rs 3000(discounted with the bank for Rs 2850 in February)	
Dishonoured on 31 st March, 2018 and noting charges paid by bank	100

Question 9

[12]

From the following balances as at 31st March, 2017, you are required to prepare:

- A Trading and Profit & Loss Account.
- A Balance Sheet.

Trial Balance
As at 31st March, 2017

Particulars	L.F.	Debit Bal (₹)	Credit Bal (₹)
Furniture & Fittings		640	
Land & Building		13,750	
Capital			13,500
Bad Debts		125	
Provision for Doubtful Debts			200
S. Debtors & S. Creditors		3,800	5,350
Stock as on 1 st April 2016		3,460	
Purchases and Sales		5,475	15,450
Sales & Purchases returns		200	125
Commission			375
Cash		918	
Taxes and Insurance		1,250	
Depreciation on Building		982	
Depreciation on Furniture		100	
Salaries		3,300	
Patents		2,000	
5% Loan			2,000
Input IGST		5,000	
Output IGST			4,000
Total		41,000	41,000

The following adjustments are to be made:

- ₹500 purchases returns included in sales.
- Stock in hand on 31st March, 2017 at cost price was ₹3,250 and at market price was ₹3,000.
- Insurance includes annual premium of ₹500 which will expire on 30th June, 2017.
- Increase bad debts to ₹225.
- Stock costing ₹1,000 was destroyed by fire. The insurance company admitted to a claim of 40% of the loss.